

PROCEEDINGS BEFORE
THE INSURANCE OMBUDSMAN, (States of Tamil Nadu & Puducherry)
(UNDER RULE NO: 17(1) OF THE INSURANCE OMBUDSMAN RULES, 2017)
OMBUDSMAN – Shri Segar Sampathkumar
Case of: Mrs K.Bhuvanewari Vs Life Insurance Corporation (LIC) of India
Complaint Ref No: CHN-L-029-2223-0135

Award No.IO/CHN/ALI/0108/2022-2023

1.	Name & Address of the Complainant	Mrs K.Bhuvanewari 12-6/15, VOC Street, Viswanthapuram, Madurai - 625014
2.	Policy No. Date of Commencement of policy Sum Assured Instalment Premium/ Mode Type of Policy Policy Term/Premium Paying term Status of the Policy Date of Maturity	742804399 23/06/2001 Rs.100000/- Rs.7095/Yearly Jeevan Sneha 20 years/20 years Matured 23/06/2021
3.	Name of the Life Assured	Mrs K.Bhuvanewari
4.	Name of the insurer	Life Insurance Corporation of India, Madurai DO, Chennai
5.	Date of receipt of the Complaint	03/03/2022
6.	Date of registration of the complaint	11/05/2022
7.	Nature of the Complaint	Dispute in Settlement of Survival Benefit due - 23/06/2006
8.	Amount of Claim (as per policy)	Rs.20000/-
9.	Date of Partial Settlement	-
10.	Amount of Relief Sought	Rs. 95692/-
11.	Complaint registered under	Rule No. 13 (1) (a) of the Insurance Ombudsman Rules, 2017
12.	Date of hearing/ Place of hearing	Through Video Conferencing on 12/08/2022
13.	Representation at the hearing	
	a) For the complainant	Mr.R.Karpooram (Complainant's father)
	b)For the Insurer	Mrs.T.Kamala, Manager Claims LIC of India, Madurai DO
14.	Disposal of Complaint	By Award
15.	Date of Award	20-09-2022

16. Brief Facts of the Case: Smt. K.Bhuvaneswari herein after called the Complainant obtained a Jeevan Sneha (Plan No 128) Policy bearing No 742804399 from the Life Insurance Corporation of India, herein after called the Insurer for a sum assured of Rs 1,00,000/- on 23.06.2001 which was specifically designed for Women with attractive benefits. It is a money back policy with 20 years term wherein the survival benefit @20% of Sum assured is payable at the end of 5th, 10th & 15th year and 40% of the sum assured with guaranteed additions @ Rs 70 per 1000 Sum Assured on maturity. As per the special feature of this plan, life assured may opt to defer the survival benefit at a later date for which Corporation will pay the increased amount.

Though the option for deferment of Survival Benefit due 06/2006 was intimated to the insurer, it was paid by cheque and the cheque was not received by the complainant, she made a representation to the insurer seeking the said due incremented @ 11% per annum compounded yearly. As the reply received from the insurer is not satisfactory she had approached the Forum.

17. Complainant's version:

The complainant contends that the insurer refuses to give 11% interest to the first Survival Benefit due of 06/2006 for the reason non submission of option letter for deferment of Survival Benefit due. Her stand is that retaining the first Survival Benefit amount since 23/06/2006 and denial of increment at 11% compounding yearly is neither logical nor legal.

18. Insurer's version (as per SCN):

The insurer has submitted that option letter for deferment of Survival Benefit has to be exercised at least 30 days prior to the due date of Survival Benefit. As the option letter for deferment of the Survival Benefit due 23/06/2006 was not received, the same was settled vide Cheque no.303893 dated 23.06.2006 and it is available in stale cheque account. Option letters for deferring the Survival Benefit dues 23/06/2011 and 23/06/2016 are received and shall be paid with 11% interest along with maturity claim. The complainant has not submitted the requirements for the settlement of maturity claim.

19. Documents submitted to the Forum:

- ✓ Policy numbered 742804399
- ✓ Complaint dated 02/03/2022 to the Forum
- ✓ Consent (Annexure VI-A) submitted by the complainant
- ✓ Self-contained Note (SCN) dated 23/05/2022 of the insurer
- ✓ Option Letters Submitted by the complainant to the Insurer
- ✓ Correspondence between the complainant & the insurer regarding settlement of Survival Benefit due 06-2006

20. Result of Hearing (Observations & Conclusions):

The case of the complainant is that she had opted for deferment of first Survival Benefit due 06/2006. But the said due was paid by cheque by the insurer and the cheque was not received by her. She sought for the due to be incremented at the rate of 11% per annum compounded yearly.

During the hearing, Mr.R.Karpooram, the Complainant's father has presented the case. Mr.R.Karpooram reiterated what has been stated in the complaint. He added that as the complainant had not received the option form for deferment of Survival Benefit due 23/06/2006 from the insurer, she had submitted handwritten letter dated 25/06/2006 for the first Survival Benefit due 23/06/2006 and also stated in the option letter dated 03/09/2013 for 23/06/2011 due. He mainly sought for Survival Benefit due 23/06/2006 to be incremented.

The complainant has submitted copy of the following hand written letters addressed to the insurer.

1. Letter dated 25/06/2006 reveals the request of the complainant to reinvest the Survival Benefit due for 15 years as per the special provisions mentioned in the policy document and also to advise her regarding the reinvestment made in her policy.
2. Letter dated 03/09/2013 reveals the request of the complainant to reinvest the second Survival Benefit due also as she had opted for reinvestment of the first Survival Benefit due.

3. Letter dated 18/07/2016 reveals the option given by the complainant for reinvestment of Survival Benefit due 23/06/2006 and she had received neither the reinvestment details nor the amount paid by cheque. She has made appeal for reinvesting the due 06/2006 and stated reinvested second due 06/2011 and opting for third due 06/2016 too.

The insurer has reiterated what has been stated in their Self Contained Note. And added that as they have not received option letter for deferment of Survival Benefit due 23.06.2006, the said due was paid by cheque no.303893 dated 23.06.2006 and due to non encashment, the cheque is being lying under stale cheque account. They had received the option letters for Survival Benefit dues 23.06.2011 & 23.06.2016 and updated in the policy records.

Post hearing, the insurer vide their letter dated 17.08.2022 submitted the following:

1. As per the records available, there is no communication found for reinvestment option given in 2006 or some time later to 2006.
2. The Survival Benefit due 23.06.2006 paid by cheque no 303893 dated 23.06.2006 for Rs.20000/- was neither returned to the insurer for reinvestment nor it was returned undelivered. As per the payment history of the policy, stale cheque action was taken on 23.09.2006 by the insurer.
3. Communications were received for reinvestment for the Survival Benefit dues 06/2011 & 06/2016.

From the foregoing, the Forum observed that the insurer is not in a position to produce the letter on what basis incremented the Survival Benefit due 23/06/2011 and the contention of the complainant is she had mentioned the reinvestment of the first due 23/06/2006 in the option letter for 23/06/2011.

Furthermore, the Survival Benefit due 23/06/2006 paid by cheque lying under stale cheque account since 2006 was not followed by the insurer.

Hence, the Complainant's demand for settlement of the first Survival Benefit due 23/06/2006 to be incremented is allowed.

21.

AWARD

Taking into account the facts and circumstances of the case and the submissions made by both the parties, the Forum directs the respondent insurer to settle the Survival Benefit due 23.06.2006 under Policy no. 742804399 incremented at the rate of 11% per annum compounded yearly till the date of maturity and with interest applicable at the rate specified in Rule no.17 (7) of the Insurance Ombudsman Rules, 2017 from the date of maturity till the date of settlement.

The complaint is, therefore, allowed.

22. The attention of the Insurer is hereby invited to the following provisions of the Insurance Ombudsman Rules, 2017:

- a) According to Rule 17(6) of the Insurance Ombudsman Rules, 2017, the insurer shall comply with the award within thirty days of the receipt of the award and intimate compliance of the same to the Ombudsman.
- b) According to Rule 17(7) of the Insurance Ombudsman Rules, 2017, the complainant shall be entitled to such interest at a rate per annum as specified in the regulations, framed under the Insurance Regulatory and Development Authority of India Act, 1999, from the date the claim ought to have been settled under the regulations, till the date of payment of the amount awarded by the Ombudsman.
- c) According to Rule 17(8) of the Insurance Ombudsman Rules, 2017, the award of the Insurance Ombudsman shall be binding on the insurers.

Dated at Chennai on this 20th day of September, 2022.

**Segar Sampathkumar
Insurance Ombudsman
State of Tamil Nadu and Puducherry**

Copy to:

- 1. Mrs.K.Bhuvaneswari**
12-6/15, VOC Street, Viswanthapuram,
Madurai -625014

- 2. The Senior Divisional Manager,**
Life Insurance Corporation of India,
Divisional office, 'Jeevan Prakash'
Bridge Station Road, P.B.No.16, Sellur,
Madurai - 625002